The Minority Report

Center-Right Economic Experts React to Obama's Push to Raise Taxes in January

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If President Obama wants to make taxes an issue – especially in difficult economic times – conservatives will be happy to fight that battle anytime, anywhere.

Jim Miller, Director of Office of Management and Budget under President Reagan: "By increasing income tax rates on those making more than $250,000 in any given year, the Administration would reduce entrepreneurial activity, suppressing the development of new products as well as investment in plant and equipment, and the hiring of new employees. By picking and choosing those on whom to lay additional taxes, the Administration would increase uncertainty, which itself works as a 'tax' on entrepreneurship. Finally, raising income tax rates on those making more than $250,000 would not return this category to the tax rates they experienced during the Clinton Administration, because they leave out all the other taxes the Administration has added in the past three years, including all the taxes associated with 'Obamacare' – taxes that will be paid by income earners at all levels."

Diana Furchgott-Roth, Senior Fellow, Manhattan Institute for Policy Research: "Raising taxes, whether to take effect in 2013 or 2014, would be the wrong way to help America recover from the recession, because higher taxes cramp economic growth. If those increases occur, they would further harm our slow rate of economic growth. They could tip the U.S. economy into another recession and discourage employers from hiring. This was shown by Arizona State University Nobel Prize-winning economist Edward Prescott has shown that the higher the tax rates, the lower are the hours of work. It was also demonstrated by Mr. Obama's first chair of the Council of Economic Advisers, Christina Romer, in a paper published in the American Economic Review in 2010 with her husband, economics professor David Romer. The innovative feature of the paper is to distinguish between the effects of tax changes arising from legislation and those tax changes that occur automatically as rising income lifts individuals into higher tax brackets. Mr. Obama: Heed your own economic adviser. Keep tax rates as they are – or lower them."

Peter Ferrara, Director of Entitlement and Budget Policy at the Heartland Institute: "Raising almost all of the top federal tax rates at once, which is already enacted into law for Jan. 1, will result in renewed recession. If that happens, federal revenues will decline rather than rise."

Richard Rahn, Senior Fellow at the Cato Institute: "President Obama has once again proved that he is clueless when it comes to how the economy operates. He has the horse behind the cart. Rather than government enabling business to succeed , government depends on enterprises generating enough profit to support all the government spending. No profits, means no workers, means nothing to support government. Farmers understand that the more weight you put on a wagon the slower the pulling horse can walk, until finally the horse cannot move. Taxes on businesses have the same effect. The higher the taxes, the fewer new jobs. All Americans are suffering because the President chooses not to grasp basic economic concepts."